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Navy Loses Battle — Game of 'Musical Chairs' Is On

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Associated Press
Fred Korth
Retiring Navy Secretary.

By Don Irwin
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WASHINGTON

Resignation of Fred Korth as Secretary of the Navy and selection of Assistant Defense Secretary Paul H. Nitze as his replacement were announced yesterday by the White House.

This latest round of Pentagon "musical chairs" removes Mr. Korth as a high-placed civilian proponent of the Navy's cherished dream of a nuclear-powered carrier fleet. It also appears to eliminate Mr. Nitze as a candidate for Deputy Secretary of Defense. The Pentagon's No. 2 spot is expected to be vacated soon with the resignation of Deputy Secretary Rosewell L. Gilpatrick.

Officially, the Administration stood by the explanation Mr. Korth gave President Kennedy in his letter of resignation. This was that "pressing private affairs" led him to resign the \$22,000-a-year service secretaryship to which the President named him on Dec. 19, 1961.

There are two elements that suggest that more than a desire to return to the relative tranquility and superior

earning power of a Fort Worth, Tex., bank presidency helped shape Mr. Korth's decision:

1. He tried and apparently failed to sell Defense Secretary Robert S. McNamara on the Navy's case for more nuclear-powered carriers. After vigorous discussion with Mr. Korth, Mr. McNamara was reported to have reached a "tentative decision" on Friday against the Navy's plan for building a sister ship to the huge (and costly) nuclear-powered carrier Enterprise. Mr. Korth's letter of resignation was dated Friday.

2. Mr. Korth's involvement in the row over the TFX fighter plane contract has caused the Administration some embarrassment. The Secretary, who helped seal off the General Dynamics Corp. over the Boeing Aircraft Co. as maker of the dual-purpose aircraft, is a former president of the Continental National Bank of Fort Worth, shown at hearings before the Senate Investigations subcommittee to have provided a \$376,000 loan that was part of a \$120 million credit extended to General Dynamics, the syndicator of 19 banks. Republicans re-



Associated Press
Paul Nitze
New Navy Secretary.

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